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ENCLOSURE

SUPPORT OF INTELLIGENCE ACTIVITIES
BY SPECIFIED FOREIGN COUNTRIES

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3. USSR

The two Soviet organizations concerned with both foreign intelligence and internal security--the Ministry of Internal Affairs (MVD) and the Ministry of State Security (MGB)--together received 13,000,000,000 rubles (approximately \$2,400,000,000 at the commercial exchange rate) for 1946, more than double the amount received for 1945. Since the MVD has responsibilities other than intelligence, it is impossible to estimate what proportion of the above appropriation is used for foreign intelligence activities. Because of the primary importance of espionage and security to the Soviet system, however, consideration of the appropriations for these functions is secondary. Actually, Soviet policy is to allow the MVD and MGB to spend whatever these agencies consider necessary for intelligence and security activities. It should be noted that, in addition to the activities of the MVD and MGB themselves, Soviet intelligence operations are also conducted through the Soviet Foreign Office, the Tass news agency, military and naval attaches, and numerous commercial technical and cultural representatives abroad. Moreover, vast quantities of intelligence information are collected by Soviet-dominated governments of Eastern Europe and by the world-wide network of Communist Party organizations at little or no expense to the USSR.

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4. Pre-war Germany

The two agencies responsible under the Reich for foreign and military intelligence received annually, for expenses abroad only, approximately 12,000,000 Reichsmarks (4.8 million dollars). This sum does not cover the salaries and home office expenses in Germany and in occupied territory. In addition, this sum refers only to the amount received through official channels, and does not include vast sums, running into millions of British pounds, which were acquired through the sale of forged foreign currencies, securities and gems. Moreover, German intelligence had direct connections with or actual control of commercial concerns in foreign countries which were not only self-supporting but contributed funds to the German intelligence organization.

5. Pre-war Japan

The only reliable appropriations figures available for pre-war Japan were the sums of \$300,000 in 1939 and \$400,000 in 1940 for activities in China only, exclusive of Manchuria, of the Special Service Agency, which was the secret intelligence organization of the Japanese Army. The size of this sum is apparent when the purchasing power, especially in wages, of a dollar in pre-war China is considered. Moreover, it should be noted that this fund refers only to covert activities of Army intelligence and does not include funds spent for normal combat intelligence activities in that area. In addition to Army intelligence, however, the Japanese in the pre-war period employed for intelligence activities an extensive staff of diplomatic, naval, commercial and cultural representatives abroad, purchasing commissions throughout the world, practically every Japanese businessman, student, or tourist travelling abroad, and a large number of Japanese nationals living in foreign countries. The widespread covert intelligence activities were all coordinated and controlled by a central organization somewhat similar to the Central Intelligence Group.

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